

1 TITLE 5. Education

2 Division 1.5. Education Audit Appeals Panel

3 Chapter 3. Audits of California K-12 Local Education Agencies

4 Text of Modified Regulations

5 The Education Audit Appeals Panel has illustrated changes to the original text in the following
6 manner: regulation language originally proposed is underlined; deletions from the language
7 originally proposed are shown in strikeout using a “—;” and additions to the language originally
8 proposed are double-underlined.
9

10 § 19813. Report Components.

11 The report of each audit performed pursuant to Education Code Section 41020 shall
12 ~~include the following sections and subsections, in the following order be as follows,~~
13 ~~except that the subelements of (d) may be in any order among themselves:~~

14 (a) Introductory Section.

15 (1) Table of Contents for the audit report.

16 (2) Other information as deemed appropriate by the auditee.

17 (b) Financial Section.

18 (1) Independent Auditor’s Report.

19 (2) Management’s Discussion and Analysis.

20 (3) Basic Financial Statements.

21 (4) Notes to the Basic Financial Statements.

22 (c) Required Supplementary Information.

23 ~~(4) Schedule of budgetary comparison data for the General Fund and any major~~
24 ~~special revenue funds that have legally adopted annual budgets.; (2) A separate schedule,~~
25 ~~or notes, reconciling budgetary information to generally accepted accounting principles~~
26 ~~and discloses disclosing excesses of expenditures over appropriations, if any, in~~

1 individual funds presented in the budgetary comparison.

2 (d) Supplementary Information.

3 (1) Schedule of Average Daily Attendance.

4 (2) Schedule of Instructional Time.

5 (3) Schedule of Financial Trends and Analysis.

6 (4) Reconciliation of Annual Financial and Budget Report With Audited Financial

7 Statements.

8 (5) Optionally, Combining Statements and Individual Fund Statements and

9 Schedules.

10 (6) Schedule of Charter Schools.

11 (7) If required as set forth in the edition of OMB Circular A-133 applicable to the

12 year being audited, Schedule of Expenditures of Federal Awards.

13 ~~(7)~~ (8) Notes to Supplementary Information, if required.

14 (e) Other Independent Auditor's Reports.

15 (1) Report on Compliance and on Internal Control Over Financial Reporting Based on

16 an Audit of Financial Statements Performed in Accordance with *Government Auditing*

17 *Standards*.

18 (2) Auditor's Report on State Compliance.

19 (3) If required as set forth in the edition of OMB Circular A-133 applicable to the

20 year being audited, Report on Compliance With Requirements Applicable to Each Major

21 Program and Internal Control Over Compliance in Accordance With OMB Circular A-

22 133.

23 (f) Findings and Recommendations.

24 (1) Schedule of Findings and Questioned Costs.

1 (2) Schedule of Prior Audit Findings.

2 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections
3 14502.1, 14503 and 41020, Education Code.

4 **§ 19814. Definitions.**

5 The content of the audit report sections and subsections specified in Section 19813 is
6 as described in the *Codification of Statements on Auditing Standards* published by the
7 American Institute of Certified Public Accountants, the ~~annual~~ *Codification of*
8 *Governmental Accounting and Financial Reporting Standards* published by the
9 Governmental Accounting Standards Board (GASB), or *Government Auditing Standards*
10 published by the Comptroller General of the United States in the respective editions
11 applicable to the year being audited, or as defined in one of the following:

12 (a) “Government Auditing Standards” means the publication by the Comptroller
13 General of the United States, United States General Accounting Office, originally issued
14 in 1972 and revised from time to time, commonly known as the “Yellow Book,” that
15 contains standards for audits of government organizations, programs, activities, and
16 functions and that is referenced in Education Code sections 14501, 14503, and
17 41020(b)(4).

18 (b) “OMB Circular A-133” means the publication, produced by the federal Office of
19 Management and Budget and titled *Audits of States, Local Governments, and Non-Profit*
20 *Organizations*, that sets forth standards for attaining consistency and uniformity in the
21 audits of governments and organizations expending federal awards.

22 (c) “Reconciliation of Annual Financial and Budget Report with Audited Financial
23 Statements” means a schedule that displays the differences between the ending fund
24 balance(s) from the audited financial statements and the unaudited ending fund balance(s)

1 from the annual financial and budget report for each fund in which a variance occurred.

2 (d) “Report on Compliance with Laws and Regulations and on Internal Control Over
3 Financial Reporting Based on an Audit of Financial Statements Performed in Accordance
4 with *Government Auditing Standards*” means the component of the Other Independent
5 Auditor’s Reports that specifies material instances of noncompliance, if any; defines
6 reportable conditions and specifies the reportable conditions disclosed as a result of the
7 audit; defines material weaknesses and specifies the material weaknesses, if any, that
8 were disclosed by the audit; includes a statement that no material weaknesses were found,
9 if that is the case; and includes a statement that nonmaterial noncompliance and
10 nonreportable conditions involving the internal control structure and its operation were
11 communicated to management in a separate management letter, if that is the case.

12 (e) “Report on State ~~Program~~ Compliance” means the component of the Other
13 Independent Auditor’s Reports that specifically and separately addresses each of the state
14 ~~program~~ compliance requirements included in this audit guide, stating whether or not the
15 district is in compliance with those requirements; includes a chart that displays the
16 number of audit procedures for each ~~program~~ compliance requirement and states that the
17 audit procedures included in the audit guide for each requirement were followed in the
18 making of the audit, if that is the case, or, if not, what other procedures were followed;
19 and includes an expression of positive assurance with respect to compliance with
20 applicable laws and regulations for those items tested in accordance with those
21 regulations, and negative assurance for untested items.

22 The numbers of audit procedures for the ~~programs~~ compliance requirements included
23 in this audit guide are

24 Attendance Reporting, 6;

1 Kindergarten Continuance, 3;
2 Independent Study, 22;
3 Continuation Education, 10
4 Adult Education, 9;
5 Regional Occupational Centers and Programs, 6;
6 Instructional Time and Staff Development Reform Program, 7;
7 Instructional Time for school districts, 4, for county offices of education, 3;
8 Community Day Schools, 9;
9 Class Size Reduction general requirements, 8 7; Option One, 3; Option Two, 4; districts
10 or charter schools with only one school serving K-3, 4;
11 Program to Reduce Class Size in Two Courses in Grade 9 (Morgan-Hart Class Size
12 Reduction Program), 7;
13 Instructional Materials general requirements, 9; K-8 only, 1; grades 9-12 only, 1;
14 Ratios of Administrative Employees to Teachers, 1;
15 Early Retirement Incentive Program, 4;
16 Gann Limit Calculation, 1.

17 (f) “Report on Compliance With Requirements Applicable to Each Major Program
18 and Internal Control Over Compliance in Accordance With OMB Circular A-133” means
19 the component of the Other Independent Auditor’s Reports that states whether the auditee
20 has complied with federal laws, regulations, and the provisions of federal contracts or
21 grant agreements and has established and maintained effective internal control over
22 compliance with the requirements for major federal programs.

23 (g) “Schedule of Average Daily Attendance” means the schedule in the
24 Supplementary Information section that displays Average Daily Attendance data for both

1 the Second Period and Annual reports, by grade level and program as appropriate.

2 (h) “Schedule of Charter Schools” means the schedule in the Supplementary
3 Information section that lists all charter schools chartered by the school district or county
4 office of education, and displays in two columns information for each charter school on
5 whether or not the charter school is included in the school district or county office of
6 education audit or submits an independent audit.

7 (i) “Schedule of Financial Trends and Analysis” means the schedule in the
8 Supplementary Information section that displays information used to evaluate regarding
9 the auditee’s financial position and going concern status, in the form of actual financial
10 and attendance figures for at least the most recent three-year period (beginning ending
11 with the audit year), plus the current year’s budget, for the following items: General
12 Fund financial activity, including total revenue, expenditures, and other sources and uses;
13 General Fund balance; available reserve balances (funds designated for economic
14 uncertainty, and any other remaining undesignated fund balance) within the General
15 Fund, Special Reserve Fund, or and any Article XIII-B Trust Funds; available reserve
16 balances expressed as a percentage of total General Fund outgo (expenditures, transfers
17 out, and other uses), including a comparison to the applicable state-recommended
18 available reserve percentage; total long-term debt; and elementary and secondary Second
19 Principal Average Daily Attendance, excluding Regional Occupational Centers and
20 Programs and Adult Average Daily Attendance; and, when the auditee’s percentage of
21 available reserves to total General Fund outgo is below the state-recommended
22 percentage, management’s plans for increasing the auditee’s available reserve percentage.

23 (j) “Schedule of Findings and Questioned Costs” means that part of the Findings and
24 Recommendations section that presents all audit year findings, and a copy of each

1 management letter issued, if any, with each finding assigned the appropriate code from
2 among the following: 10000 Attendance, 20000 Inventory of Equipment, 30000 Internal
3 Control, 40000 State Compliance, 50000 Federal Compliance, 60000 Miscellaneous, and
4 includes the following elements:

5 (1) criteria

6 (2) condition

7 (3) effect

8 (4) cause

9 (5) a statement of the number of units of Average Daily Attendance, if any, that were
10 inappropriately reported for apportionment; and a statement consistent with its basis of
11 funding, for any other inappropriately reported claim—such as number of staff
12 development days, or number of pupils for Class Size Reduction, or amount in dollars for
13 Instructional Materials, and so forth

14 (6) a recommendation for the resolution of the finding

15 (7) a corrective action plan prepared by the auditee that describes in specific terms the
16 actions planned or taken to correct the problem, or a statement from the auditee that the
17 corrective action recommended by the auditor is not necessary or appropriate and giving
18 the specific reasons why, if that is the case, and a statement that the corrective action plan
19 was not available if no corrective action plan was submitted before the audit report was
20 prepared.

21 (k) “Schedule of Instructional Time” means the schedule in the Supplementary
22 Information section that displays, for all auditees, including basic aid districts, data that
23 show whether the auditee complied with the provisions of Article 8 (commencing with
24 Section 46200) of Chapter 2 of Part 26 of the Education Code.

1 (l) “Schedule of Prior Audit Findings” means that part of the Findings and
2 Recommendations section that presents the status of actions taken by the auditee on each
3 of the findings and recommendations reported in the prior-year audit, and includes as
4 current year findings and recommendations those prior year findings that have not been
5 corrected resolved.

6 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections
7 14502.1, 14503 and 41020, Education Code.

8 **Article 3. State Compliance Requirements**

9 **§ 19815. Materiality Levels for Compliance Auditing.**

10 Each program for which Average Daily Attendance is reported to the California
11 Department of Education for apportionment purposes must be audited for compliance
12 with specific requirements of law, as further set forth in this article, if the ~~amount~~ number
13 of units of Average Daily Attendance reported is material as shown in the following
14 table:

<u>Local Education Agency’s Total</u> <u>Reported Average Daily</u> <u>Attendance (ADA)</u>	<u>Number of ADA</u> <u>Constituting Materiality</u> <u>for Each Program</u>
<u>1 – 1,000</u>	<u>10 or more</u>
<u>1,001 – 2,500</u>	<u>20 or more</u>
<u>2,501 – 10,000</u>	<u>50 or more</u>
<u>More than 10,000</u>	<u>100 or more</u>

15 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections
16 14502.1, 14503 and 41020, Education Code.

17 **§ 19816. Auditor Judgment.**

18 For each state ~~program~~ compliance requirement, the auditor shall follow the

1 procedures included in this audit guide, unless, in the exercise of his or her professional
2 judgment, the auditor determines other procedures are more appropriate in particular
3 circumstances.

4 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14503
5 and 41020, Education Code.

6 **§ 19817. Attendance Reporting.**

7 (a) Determine whether the Second Principal and Annual reports of attendance
8 submitted to the California Department of Education reconcile to the supporting
9 documents by verifying the local education agency's Average Daily Attendance
10 calculations for each reporting line item, including the informational line items. Trace the
11 Average Daily Attendance numbers from the Second Principal and Annual reports of
12 attendance to the local education agency's summaries.

13 (b) Verify that the monthly site summaries used for summarizing attendance provide
14 accurate information, by selecting a representative sample of schools and performing the
15 following procedures (include special day classes in this sample; other special programs
16 are identified separately in subsequent sections of this audit guide):

17 (1) Reconcile the monthly totals (days of apportionment attendance) on the school's
18 attendance summary to the summary maintained by the local education agency for the
19 Second Principal and the Annual attendance reports.

20 (2) Select at least one test month in the Second Principal or Annual attendance
21 reporting period. Verify the mathematical accuracy of the monthly report and trace the
22 totals to the school's attendance summary.

23 (3) Select a representative sample of classes (teachers) and trace the monthly totals
24 from the monthly report to the data origination documentation. Verify the mathematical

1 accuracy of the attendance registers, scantron summaries, or other data arrays.

2 (c) Select a sample of absences and compare to documentation supporting Average
3 Daily Attendance reported to the California Department of Education to verify that
4 absences were not included in Average Daily Attendance. The documentation maintained
5 by the local education agency with regard to its absences may be in the form of notes,
6 logs, or other records, depending on the board-adopted policy concerning verification of
7 absences.

8 (d) If any inappropriately reported units of Average Daily Attendance are identified
9 through the foregoing audit procedures, ~~Calculate~~ recalculate, consistent with the
10 provisions of Education Code Section 46303, the correct number of units of Average
11 Daily Attendance. Include a statement in the Findings and Recommendations section of
12 the audit report of the number of units ~~by which the~~ of Average Daily Attendance ~~was~~
13 that were inappropriately reported for apportionment and an estimate of their dollar
14 value. ~~Prepare a schedule of inappropriately reported units of Average Daily Attendance~~
15 ~~identified through the foregoing audit procedures and include the schedule in the~~
16 ~~Findings and Recommendations section of the audit report as required by subdivision (a)~~
17 ~~of Education Code Section 14503.~~

18 (e) For each teacher selected in subparagraph (b)(3) of this section, test to determine
19 whether the teacher possessed a valid certification document. If any teacher did not
20 possess a valid certification document, calculate the penalty or penalties pursuant to the
21 provisions of Education Code Section 45037 and include the actual calculation in an
22 audit finding in the Findings and Recommendations section.

23 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections
24 14502.1, 14503 and 41020, Education Code.

1 **§ 19818. Kindergarten Continuance.**

2 (a) Select a representative sample of kindergarten classes. If the local education
3 agency has more than one school at which kindergarten is provided, select the sample
4 from at least two schools. Perform the following procedures.

5 (b) Obtain a list of kindergarten pupils enrolled in the selected kindergarten classes
6 for the year audited and the year prior. Compare the enrollment lists and identify those
7 kindergarten pupils, if any, who are on both lists.

8 (c) Review the record of each pupil identified on both lists to determine whether the
9 pupil continued in kindergarten after completing one school year of kindergarten. For a
10 pupil who begins kindergarten mid-year, one school year of kindergarten is completed on
11 the last day prior to the anniversary of the pupil's first day of kindergarten.

12 (d) Verify that the ~~district~~ local education agency has a signed parental agreement to
13 continue form, approved in form and content by the California Department of Education,
14 for each such pupil.

15 (e) If any inappropriately reported units of Average Daily Attendance are identified
16 through the foregoing audit procedures, ~~Calculate~~ recalculate, consistent with the
17 provisions of Education Code Section 46303, the correct number of units of Average
18 Daily Attendance. Include a statement in the Findings and Recommendations section of
19 the audit report of the number of units ~~by which the~~ of Average Daily Attendance ~~was~~
20 that were inappropriately reported for apportionment and an estimate of their dollar
21 value. ~~Prepare a schedule of inappropriately reported units of Average Daily Attendance~~
22 ~~identified through the foregoing audit procedures and include the schedule in the~~
23 ~~Findings and Recommendations section of the audit report as required by subdivision (a)~~
24 ~~of Education Code Section 14503.~~

1 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections
2 14502.1, 14503 and 41020, Education Code.

3 **§19819. Independent Study.**

4 (a) If the local education agency reported Average Daily Attendance generated
5 through independent study, perform the following procedures at

6 (a) At the agency level:

7 (1) Reconcile the local education agency's independent study attendance records to
8 Average Daily Attendance generated through full-time independent study reported to the
9 California Department of Education.

10 (2) Verify the local education agency's calculation of the ratio of independent study
11 teachers to Average Daily Attendance generated through full-time independent study by
12 pupils 18 years of age or less as specified by the California Department of Education
13 pursuant to subdivision (a) of Education Code Section 51745.6. Determine the number
14 of ineligible units of Average Daily Attendance pursuant to the provisions of subdivision
15 (b) of Education Code Section 51745.6.

16 (3) Interview administrative personnel and school counselors of the local education
17 agency to determine if the local education agency had policies and procedures to ensure
18 that any pupil terminating an independent study agreement was permitted to immediately
19 recommence classroom study.

20 (4) Interview local education agency administrative personnel as well as a sample of
21 independent study teachers and review written agreements to determine whether it was
22 the local education agency's policy or practice to provide independent study pupils or
23 their parents/guardians with monetary funding or any other things of value such as
24 equipment or paid private instruction. If so, determine whether classroom pupils or their

1 parents/guardians had the same access to funding or things of value. Read program
2 materials provided to all parents/guardians to determine that opportunities were equal and
3 that pupils engaged in independent study were neither offered nor given incentives or
4 special benefits.

5 (b) Select a sample of schools that is representative of the local education agency and
6 sufficient in size to allow the auditor to draw a reasonable conclusion with respect to the
7 district's local education agency's compliance with independent study requirements.
8 Verify that the monthly site summaries used for summarizing attendance provide
9 accurate information by performing the following procedures:

10 (1) At each school, examine the attendance accounting records to verify that the
11 attendance of pupils or adult education students or both while engaged in independent
12 study was maintained on separate registers or the local education agency had another
13 mechanism in place to track Average Daily Attendance generated through independent
14 study separately from other Average Daily Attendance.

15 (2) Determine the total number of days of attendance reported for each sampled
16 school that resulted from attendance by pupils or adult education students or both while
17 engaged in independent study. Reconcile the monthly totals (days of apportionment
18 attendance) on the site's attendance summary to the summary maintained by the local
19 education agency for the Second Principal and the Annual attendance reports.

20 (3) Select a test month in the Second Principal or Annual attendance reporting period.
21 Verify the mathematical accuracy of the monthly report and trace totals to the school's
22 attendance summary.

23 (4) Verify that a certificated employee of the local education agency coordinated,
24 evaluated, and provided general supervision of each pupil's or adult education student's

1 independent study.

2 (5) Select a representative sample of teachers. Verify the mathematical accuracy of
3 the teachers' attendance records of pupil or adult education student attendance. Trace the
4 monthly totals from the monthly report to the attendance records.

5 (6) If 100 percent apportionment attendance was recorded for all independent study
6 pupils or adult education students or both, ensure that the teacher did not accrue more
7 days of apportionment credit for any assignment than there were school days in that
8 assignment ("banking"); or accrue days of attendance for work submitted subsequent to
9 the specified due date for the assignment ("make-up").

10 (7) For programs in which hourly attendance accounting is not required pursuant to
11 Section 406, verify that attendance credit was recorded in whole days based on the
12 supervising teacher's personal review, evaluation, and assignment of time value to the
13 pupil's or adult education student's work product, or the supervising teacher's review of
14 the evaluation and assignment of time value made by another certificated teacher.

15 (c) From the attendance records, select a representative sample of pupils/adult
16 education students for whom Average Daily Attendance generated through independent
17 study was claimed, including pupils on intermittent ("short term") independent study if
18 the local education agency offered that option, and perform the following procedures:

19 (1) Verify that no pupil was enrolled in the ~~district~~ local education agency pursuant to
20 subdivision (b) of Education Code Section 48204 while engaged in full-time independent
21 study.

22 (2) Determine each selected pupil's or adult education student's county of residence
23 at the time of commencing independent study and verify that it is the county in which the
24 local education agency is located apportionment claim is reported or a contiguous county

1 within California.

2 (3) Determine whether mailing addresses or other evidence of residency changed
3 during the time the pupils/adult education students were in independent study and, if so,
4 whether each pupil or adult education student remained resident of the same or a
5 contiguous county within California.

6 (4) ~~Review pupil records to determine through notations in the file whether any pupil~~
7 ~~was enrolled in any other program. For each pupil who was enrolled in more than one~~
8 ~~educational program: (A) Verify that a total of not more than one day of attendance~~
9 ~~generated through independent study was recorded for each pupil, including pupils~~
10 ~~enrolled in more than one program, for any school calendar day on which school was in~~
11 ~~session.~~

12 ~~(B) Verify that the local education agency did not report more than one unit of~~
13 ~~Average Daily Attendance generated through independent study for the school year for~~
14 ~~each pupil.~~

15 (5) Verify that a written agreement exists for each pupil/adult education student
16 selected.

17 (6) Verify that every pupil whose independent study attendance was claimed for
18 apportionment was participating under an agreement for a minimum of five consecutive
19 school days.

20 (7) Verify that every written agreement contained all the required elements:

21 (A) The manner, time, frequency, and place for submitting a pupil's or adult
22 education student's assignments and for reporting his or her progress.

23 (B) The objectives and methods of study (pupil/adult education student activities
24 selected by the supervising teacher as the means to reach the educational objectives set

1 forth in the written agreement) for the pupil's or adult education student's work.

2 (C) The methods utilized to evaluate that work (any specified procedure through
3 which a certificated teacher personally assesses the extent to which achievement of the
4 pupils/adult education students meets the objectives set forth in the written assignment).

5 (D) The specific resources, including materials and personnel, to be made available to
6 the pupils/adult education students (resources reasonably necessary to the achievement of
7 the objectives in the written agreement, not to exclude resources normally available to all
8 pupils/adult education students on the same terms as the terms on which they are
9 normally available to all pupils/adult education students).

10 (E) A statement of the policies adopted pursuant to subdivisions (a) and (b) of
11 Education Code Section 51747 regarding the maximum length of time allowed between
12 the assignment and the completion of a pupil's or adult education student's assigned
13 work, and the number of ~~missed~~ assignments ~~allowed prior to a pupil or adult education~~
14 ~~student may miss before there must be an evaluation of whether or not the pupil or adult~~
15 ~~education student should be allowed~~ it is in the pupil's or adult education student's best
16 interests to continue in independent study.

17 (F) The duration of the independent study agreement, including the beginning and
18 ending dates for the pupil's or adult education student's participation in independent
19 study under the agreement, with no agreement being for a period longer than one
20 semester, or one-half year for a school on a year-round calendar.

21 (G) A statement of the number of course credits or, for the elementary grades, other
22 measures of academic accomplishment appropriate to the agreement, to be earned by the
23 pupil/adult education student upon completion.

24 (H) A statement in each independent study agreement that independent study is an

1 optional educational alternative in which no pupil may be required to participate. In the
2 case of a pupil who is referred or assigned to any school, class, or program pursuant to
3 Section 48915 or 48917, the agreement also shall include the statement that instruction
4 may be provided to the pupil through independent study only if the pupil is offered the
5 alternative of classroom instruction.

6 (I) Signatures, affixed prior to the commencement of independent study, by

7 (1.) the pupil or adult education student;

8 (2.) the pupil's parent, legal guardian, or caregiver as that term is used in Family
9 Code Section 6550 and following, if the pupil is less than 18 years of age;

10 (3.) the certificated employee who has been designated as having responsibility for
11 the general supervision of independent study; and

12 (4.) all other persons, if any, who had direct responsibility for providing assistance to
13 the pupil or adult education student.

14 (8) Verify that no days of attendance were reported for dates prior to the signing of
15 the agreement by all parties.

16 (9) Trace each pupil's or adult education student's attendance from the attendance
17 records to the teacher's register, record of the pupil's or adult education student's work
18 completed, and the corresponding work assignment record. Verify that evaluated pupil/-
19 adult education student work samples, bearing signed or initialed and dated notations by
20 the supervising teacher indicating that he or she personally evaluated the work, or that he
21 or she personally reviewed the evaluations made by another certificated teacher, have
22 been retained in the file.

23 (10) Verify that the pupil/adult education student work product samples are related to
24 the assignment ~~under~~ pursuant to which the work was undertaken and reflect the

1 curriculum adopted by the local governing board and not an alternative curriculum.

2 (11) Review records and other relevant documentation to verify that each pupil's
3 choice to commence or to continue in independent study was entirely voluntary and
4 uncoerced.

5 (d) If any inappropriately reported units of Average Daily Attendance are identified
6 through the foregoing audit procedures, ~~Calculate~~ recalculate, consistent with the
7 provisions of Education Code Section 46303, the correct number of units of Average
8 Daily Attendance. Include a statement in the Findings and Recommendations section of
9 the audit report of the number of units ~~by which the~~ of Average Daily Attendance ~~was~~
10 that were inappropriately reported for apportionment and an estimate of their dollar
11 value. ~~Prepare a schedule of inappropriately reported units of Average Daily Attendance~~
12 ~~identified through the foregoing audit procedures and include the schedule in the~~
13 ~~Findings and Recommendations section of the audit report as required by subdivision (a)~~
14 ~~of Education Code Section 14503.~~

15 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections
16 14502.1, 14503 and 41020, Education Code.

17 **§ 19820. Continuation Education.**

18 Verify that the monthly site attendance summaries provide accurate information by
19 performing the following procedures:

20 (a) Reconcile the monthly totals (days of apportionment attendance) on the site's
21 attendance summary to the summary maintained by the district for the Second Principal
22 and the Annual attendance reports.

23 (b) Select a test month in the Second Principal attendance reporting period. Verify the
24 mathematical accuracy of the monthly report and trace the totals to the site's attendance

1 summary.

2 (c) Select a representative sample of classes (teachers). Trace the monthly totals from
3 the monthly report to the data origination documentation. Verify the mathematical
4 accuracy of the attendance registers, scantron summaries, or other data arrays.

5 (d) Select a representative sample of pupils and perform the following procedures:

6 (1) Trace each pupil's attendance in the weekly attendance records to the teacher's
7 attendance register or other approved record.

8 (2) Verify that hourly attendance accounting was used.

9 (3) Verify that attendance was not credited for more than the scheduled class time.

10 (e) Review weekly attendance records to verify that the ~~local education agency~~
11 district did not claim more than 15 hours per week, or a proportionally reduced number of
12 hours per week when there were fewer than five school days.

13 (f) Select a representative sample of continuation pupils enrolled in work experience
14 education.

15 (1) Review the weekly attendance reports and attendance registers to verify that each
16 pupil actually attended, as set forth in Education Code Section 48400, four 60-minute
17 hours in each week in which he/she generated additional hours of work experience
18 apportionment attendance credit.

19 (2) Verify that the pupils received at least one instructional period per week of
20 classroom work experience instruction or counseling as required by Education Code
21 Section 51760.3(b).

22 (3) Verify that not more than 10 percent of each continuation high school's Average
23 Daily Attendance at Second Principal (exclusive of Average Daily Attendance for a pupil
24 who was pregnant or was a parent and the primary caregiver for one or more of his or her

children) was generated through independent study as provided in Education Code Section 51745(b).

(g) If any inappropriately reported units of Average Daily Attendance are identified through the foregoing audit procedures, Calculate recalculate, consistent with the provisions of Education Code Section 46303, the correct number of units of Average Daily Attendance. Include a statement in the Findings and Recommendations section of the audit report of the number of units by which the of Average Daily Attendance was that were inappropriately reported for apportionment and an estimate of their dollar value. Prepare a schedule of inappropriately reported units of Average Daily Attendance identified through the foregoing audit procedures and include the schedule in the Findings and Recommendations section of the audit report as required by subdivision (a) of Education Code Section 14503.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19821. Adult Education.

Verify that the monthly site attendance summaries provide accurate information by performing the following procedures:

(a) Reconcile the monthly totals (days of apportionment attendance) on the site's attendance summary to the summary maintained by the local education agency district for the Annual attendance reports.

(b) Select a test month in the Annual attendance reporting period. Verify the mathematical accuracy of the monthly report and trace the totals to the site's attendance summary.

(c) Select a representative sample of classes (teachers) for both exclusively adult

1 education students and concurrently enrolled K-12 pupils (if any). Trace the monthly
2 totals from the monthly report to the data origination documentation. Verify the
3 mathematical accuracy of the attendance registers, scantron summaries, or other data
4 arrays.

5 (d) Verify that hourly attendance accounting was used.

6 (e) Verify that attendance was not credited for more than the scheduled class time.

7 (f) Verify that the district used individual teacher-certified records of the minutes of
8 each pupil's or student's actual attendance for classes (sometimes termed ad hoc or
9 laboratory class settings) that provided more total hours of class time than the minimum
10 required to be attended for ~~the pupil~~ pupils or ~~student~~ students to receive full credit for
11 the class.

12 (g) Select a representative sample of K-12 pupils concurrently enrolled in adult
13 education, if any. For each pupil selected, determine, from the adult school files, the K-
14 12 program/school site in which the pupil was enrolled. Review the pupil's K-12
15 program/class schedule and/or transcript located at the K-12 program/school site and
16 verify that the pupil was concurrently enrolled in adult education courses that
17 supplemented and enriched, and did not supplant, the regular course offerings required to
18 complete the curriculum for the K-12 program in which the pupil was enrolled.

19 (h) Review each concurrently enrolled pupil's file to ensure there is documentation of
20 a counseling session—a communication whether by phone or in person which involved
21 the pupil, a certificated representative of the high school, and the pupil's parent, guardian,
22 or caretaker—that met the requirements of Education Code Section 52500.1(b).

23 (i) Review the district's records to ensure that it submitted to the California
24 Department of Education for approval, in advance, a list of all courses provided.

1 (j) If any inappropriately reported units of Average Daily Attendance are identified
2 through the foregoing audit procedures, ~~Calculate~~ recalculate, consistent with the
3 provisions of Education Code Section 46303, the correct number of units of Average
4 Daily Attendance. Include a statement in the Findings and Recommendations section of
5 the audit report of the number of units ~~by which the~~ of Average Daily Attendance ~~was~~
6 that were inappropriately reported for apportionment and an estimate of their dollar
7 value. ~~Prepare a schedule of inappropriately reported units of Average Daily Attendance~~
8 ~~identified through the foregoing audit procedures and include the schedule in the~~
9 ~~Findings and Recommendations section of the audit report as required by subdivision (a)~~
10 ~~of Education Code Section 14503.~~

11 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections
12 14502.1, 14503 and 41020, Education Code.

13 **§ 19822. Regional Occupational Centers and Programs.**

14 Verify that the monthly site attendance summaries provide accurate information by
15 performing the following procedures:

16 (a) Reconcile the monthly totals (days of apportionment attendance) on the site's
17 attendance summary to the summary maintained by the local education agency for the
18 Annual attendance reports.

19 (b) Select a test month in the Annual attendance reporting period. Verify the
20 mathematical accuracy of the monthly report and trace the totals to the site's attendance
21 summary.

22 (c) Select a representative sample of classes (teachers), and trace the monthly totals
23 from the monthly report to the data origination documentation. Verify the mathematical
24 accuracy of the attendance registers, scantron summaries, or other data arrays.

1 (d) Verify that hourly attendance accounting was used.

2 (e) Verify that attendance was not credited for more than the scheduled class time.

3 (f) Verify that the local education agency has used individual teacher-certified records
4 of the minutes of each pupil's or student's actual attendance for classes (sometimes
5 termed laboratory class, community classroom, workplace learning, or cooperative
6 education setting) that were not conducted in a fashion that required all pupils/students to
7 be present at a set time or in which more hours of class time were available than the
8 minimum number of hours each pupil/student pupils/students had to attend to receive full
9 credit.

10 (g) If any inappropriately reported units of Average Daily Attendance are identified
11 through the foregoing audit procedures, Calculate recalculate, consistent with the
12 provisions of Education Code Section 46303, the correct number of units of Average
13 Daily Attendance. Include a statement in the Findings and Recommendations section of
14 the audit report of the number of units by which the of Average Daily Attendance was
15 that were inappropriately reported for apportionment and an estimate of their dollar
16 value. Prepare a schedule of inappropriately reported units of Average Daily Attendance
17 identified through the foregoing audit procedures and include the schedule in the
18 Findings and Recommendations section of the audit report as required by subdivision (a)
19 of Education Code Section 14503.

20 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections
21 14502.1, 14503 and 41020, Education Code.

22 **§ 19823. Instructional Time and Staff Development Reform Program.**

23 Review the site calendars and perform the following procedures:

24 (a) Verify that the number of Instructional Time and Staff Development Reform

1 Program staff development days claimed did not exceed three for each certificated
2 classroom teacher, and one for each classified classroom instructional aide or certificated
3 teaching assistant.

4 (b) Verify that each Instructional Time and Staff Development Reform Program staff
5 development day was intended to provide training in one or more of the following:
6 instructional methods, including teaching strategies, classroom management and other
7 training designed to improve pupil performance, conflict resolution, and academic
8 content in the core curriculum areas that are provided by the local education agency.
9 Staff development days held on or after January 1, 2004, additionally may be intended to
10 provide training in intolerance and hatred prevention.

11 (c) Verify that contemporaneous records support the number of Instructional Time
12 and Staff Development Reform Program staff development days funded.

13 (d) Verify that no Instructional Time and Staff Development Reform Program staff
14 development days were counted as instructional days for apportionment purposes.

15 (e) Verify that Instructional Time and Staff Development Reform Program staff
16 development was not conducted after school on any minimum day of which parents or
17 guardians were notified pursuant to Education Code Section 48980(c), except as provided
18 for staff in multitrack year-round schools.

19 ~~(f)~~ (g) Verify that each participant was present for a full-staff-development full-time
20 instructional work day or the aggregate equivalent.

21 ~~(g)~~ (f) Verify that each staff development day was at least as long as the full-time
22 instructional workday for certificated or classified instructional employees.

23 (h) If any ineligible Instructional Time and Staff Development Reform Program staff
24 development days are identified through the foregoing procedures, prepare a schedule of

1 the number of days audited and the number of ineligible days identified. Calculate the
2 disallowance and estimate the dollar value, and include the schedule in the Findings and
3 Recommendations section of the audit report.

4 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections
5 14502.1, 14503 and 41020, Education Code.

6 **§ 19824. Instructional Time.**

7 (a) School districts: Perform the following procedures:

8 (1) Select a sample of schools that is representative of the local education agency
9 district and sufficient in size to allow the auditor to draw a reasonable conclusion with
10 respect to the district's compliance with instructional time requirements. Review the
11 school attendance calendar and bell (class) schedules of the sampled schools. Compare
12 the instructional minutes from each school site's bell (class) schedule to total
13 instructional minutes computed by the business office.

14 (2) Compare the amount of time offered for each grade level in each sampled school
15 during the year being audited to the required amount of instructional time as set forth in
16 Education Code Section 46201, and to the amount offered by the district during the 1982-
17 83 year.

18 (3) Determine whether the district offered optional classes to satisfy incentive funding
19 requirements. If ~~pupil participation is low~~ enrollment in optional classes is low, review
20 the district's documentation of class offerings to ensure that the district has acted
21 effectively to comply with the law. Practices that are not consistent with effectively
22 offering additional instructional time may include, but are not limited to, offering only a
23 small number of courses that in addition are appropriate only for limited numbers of
24 pupils, ~~or~~ and courses scheduled such that pupils may take them only by giving up their

1 lunch period or by attending school outside the schedule of district-provided bus service.

2 (4) Prepare the “Schedule of Instructional Time” that must be presented in the
3 Supplementary Information section of the audit report, showing by grade span the
4 number(s) of instructional minutes offered by the district in the 1982-83 year; the 1986-
5 87 instructional time requirements specified in Education Code Section 46201, the
6 instructional minutes offered during the year audited showing the ~~sampled~~ school with
7 the lowest number of minutes offered at each grade span; the number of instructional
8 days offered during the year audited on the traditional calendar and on any multitrack
9 calendars; and whether the district complied with the instructional minutes and days
10 provisions. State in a note to the schedule whether the district received incentive funding
11 for increasing instructional time pursuant to the Longer Instructional Day incentives.

12 (5) If any schools were not in compliance with the instructional minutes or days
13 provisions, or both, prepare a separate schedule for each school showing only those grade
14 spans that were not in compliance; and calculate the penalty or penalties pursuant to
15 Education Code Section 46200(c), ~~or Section 46201(d)~~, or ~~Section 46202(b)~~. Include
16 both the schedule(s) and the calculated penalty or penalties in a finding in the Findings
17 and Recommendations section of the audit report.

18 (b) County offices of education: If the county office of education received Longer
19 Instructional Day or Longer Year incentive funding, or both, for the fiscal year audited
20 for special day classes, perform the following procedures:

21 (1) Review the school attendance calendar and bell (class) schedules. Determine the
22 amount of instructional time offered by each school.

23 (2) Determine whether the county office of education complied with the instructional
24 time incentive funding requirements by comparing the amount of time offered for each

1 grade level during the year being audited to the required amount of instructional time as
2 set forth in Education Code Section 46201.5.

3 (3) Prepare the “Schedule of Instructional Time,” that must be presented in the
4 Supplementary Information section of the audit report showing by grade span the 1986-
5 87 instructional time requirements specified in Education Code Section 46201.5; the
6 instructional minutes offered during the year audited showing the ~~sampled~~ school with
7 the lowest number of minutes; the number of instructional days offered during the year
8 audited on the traditional calendar and on any multitrack calendars; whether the county
9 office of education complied with the instructional minutes requirements; and, if the
10 county office of education received an apportionment pursuant to Education Code
11 Section 46200.5(a), whether the county office of education complied with the
12 instructional days provisions. State in a note to the schedule whether the county office of
13 education received incentive funding for increasing instructional time pursuant to the
14 Longer Instructional Day incentives and whether it received an apportionment pursuant
15 to Education Code Section 46200.5(a).

16 (4) If any schools were not in compliance with the instructional minutes or days
17 provisions, or both, prepare a separate schedule for each such school showing only those
18 grade spans that were not in compliance and calculate the penalty or penalties set forth in
19 Education Code Section 46200.5(c) or ~~Section~~ 46201.5(e). Include both the schedule(s)
20 and the calculated penalty or penalties in a finding in the Findings and Recommendations
21 section of the audit report.

22 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections
23 14502.1, 14503 and 41020, Education Code.

24 **§ 19825. Community Day Schools.**

1 (a) Verify that the minimum school day included at least 360 minutes of community
2 day school classroom instruction by reviewing the bell schedule(s) of the school district's
3 or county office of education's community day school(s), and that the school's practice
4 was to schedule all pupils, other than pupils with exceptional needs whose Individualized
5 Education Programs specified otherwise, to attend for at least the minimum day.

6 (b) Select a representative sample of pupils and verify that they were scheduled to
7 attend the community day school for at least 360 minutes each day by reviewing their
8 class assignments.

9 (c) Verify that pupils were provided classroom instruction by a certificated employee
10 of the local education agency school district or county office of education for at least the
11 minimum school day, by reviewing teacher room assignments and employment records.

12 (d) If any inappropriately reported units of Average Daily Attendance are identified
13 through the foregoing audit procedures, ~~Calculate~~ recalculate, consistent with the
14 provisions of Education Code Section 46303, the correct number of units of Average
15 Daily Attendance. Include a statement in the Findings and Recommendations section of
16 the audit report of the number of units by which the of Average Daily Attendance was
17 that were inappropriately reported for apportionment and an estimate of their dollar
18 value. Prepare a schedule of inappropriately reported units of Average Daily Attendance
19 identified through the foregoing audit procedures and include the schedule in the
20 Findings and Recommendations section of the audit report as required by subdivision (a)
21 of Education Code Section 14503.

22 (e) Select a representative sample of pupils who were enrolled in the district's or
23 county office's community day school(s) and perform the following procedures:

24 (1) Trace the credit reported for each sampled pupil's attendance in the fifth and sixth

1 hours of attendance back to the record prepared by the classroom teacher.

2 (2) Verify that hourly attendance accounting was used.

3 (3) Verify that pupils who attended fewer than five hours in a school day were not
4 reported for attendance credit for the additional funding, that attendance of five hours was
5 reported for one-half day of attendance credit for the additional funding, and that
6 attendance of six hours or more was reported for one whole day of attendance credit for
7 the additional funding.

8 (f) If any ~~attendance credit was determined in~~ inappropriately reported units of
9 Average Daily Attendance are identified through the immediately foregoing procedure ~~to~~
10 ~~have been inappropriately reported for the sample pupils,~~ prepare a schedule
11 ~~summarizing~~ displaying the hours of attendance credit inappropriately ~~elaimed,~~ reported
12 ~~and calculate~~ recalculate, consistent with the provisions of Education Code Section
13 46303, the ~~amount by which the~~ correct number of units of Average Daily Attendance.
14 ~~was overstated, and include the schedule~~ Include a statement in the Findings and
15 Recommendations section of the audit report- ~~of the number of units of Average Daily~~
16 Attendance that were inappropriately reported for apportionment and an estimate of their
17 dollar value.

18 (g) Select a representative sample of pupils who were enrolled in the district's or
19 county office's community day school(s) and perform the following procedures:

20 (1) Trace the credit reported for each sampled pupil's attendance in the seventh and
21 eighth hours back to the data origination record.

22 (2) Verify that hourly attendance accounting was used.

23 (3) Verify that no pupils who had not completed the full six-hour instructional school
24 day were reported for attendance credit for the additional funding.

1 (4) Verify that the pupils' attendance during the seventh and eighth hours was
2 supervised by an employee of the district or the county office of education.

3 (h) If any inappropriately reported hours of attendance ~~credit was determined in~~ are
4 identified through the immediately foregoing procedure ~~to have been inappropriately~~
5 ~~reported for the sample students~~, prepare a schedule summarizing displaying the hours of
6 attendance ~~credit~~ inappropriately ~~claimed~~ reported and an estimate of their dollar value,
7 and calculate the apportionment funding received for the ineligible hours. Include
8 include the schedule it in the Findings and Recommendations section of the audit report.

9 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections
10 14502.1, 14503 and 41020, Education Code.

11 **§ 19826. Class Size Reduction.**

12 If the school district or charter school received Class Size Reduction Program funding
13 for the year audited, perform the following procedures, using daily averaging in all
14 instances in which averaging is required.

15 (a) Verify the mathematical accuracy of the Class Size Reduction Program claim
16 form submitted to the California Department of Education.

17 (b) Option One Classes

18 (1) Select a sample of classes from those that were certified by the district as eligible
19 for Option One Class Size Reduction Program funding, using the following procedures:

20 (A) The number of classes to be reviewed shall be based on auditor judgment, but the
21 selection of classes shall be made randomly.

22 (B) For each class selected, the sample shall include at least 15 days randomly
23 selected from all instructional days that occurred between the first day of instruction and
24 April 15, inclusive, of the year audited.

1 (C) If class size for the sampled classes was more than 20.4 when averaged over a
2 period from the first day of instruction to April 15, inclusive, the auditor shall conduct a
3 more in-depth review. The in-depth review shall be either of the following:

4 (i) (1.) A review of all instructional days for all classes for which a district or charter
5 school has requested funding pursuant to Education Code Section 52126.

6 (ii) (2.) A randomly selected sample of all classes and instructional days, of sufficient
7 size and designed in such a manner that the auditor can conclude, with a 95 percent
8 degree of confidence, that the average daily class size for each class, when averaged over
9 the period from the first day of instruction to April 15, did not exceed 20.4.

10 (D) The district or charter school shall make the determination as to which of the two
11 in-depth review methods set forth in the immediately preceding subparagraph shall be
12 used.

13 (2) For sampled classes, review the data used by the district to prepare the list of
14 Option One classes reported to the California Department of Education, to verify that the
15 report is supported by contemporaneous records.

16 (3) For sampled classes, review teacher assignments and other available pupil and
17 teacher assignment data to verify that the number of students reported as being under the
18 immediate supervision of each assigned teacher for each class reported was the actual
19 class size for a substantial majority of the full regular school day.

20 (c) Option Two Classes

21 (1) Select a sample of classes from those that were certified by the district as eligible
22 for Option Two Class Size Reduction Program funding, using the following procedures:

23 (A) The number of classes to be reviewed shall be based on auditor judgment, but the
24 selection of classes shall be made randomly.

1 (B) For each class selected, the sample shall include at least 15 days randomly
2 selected from all instructional days that occurred between the first day of instruction and
3 April 15, inclusive, of the year audited.

4 (C) If class size for the sampled classes was more than 20.4 when averaged over a
5 period from the first day of instruction to April 15, inclusive, the auditor shall conduct a
6 more in-depth review. The in-depth review shall be either of the following:

7 (i) (1.) A review of all instructional days for all classes for which a district or charter
8 school has requested funding pursuant to Education Code Section 52126.

9 (ii) (2.) A randomly selected sample of all classes and instructional days, of sufficient
10 size and designed in such a manner that the auditor can conclude, with a 95 percent
11 degree of confidence, that the average daily class size for each class, when averaged over
12 the period from the first day of instruction to April 15, did not exceed 20.4.

13 (D) The district or charter school shall make the determination as to which of the two
14 in-depth review methods set forth in the immediately preceding subparagraph shall be
15 used.

16 (2) For sampled classes, review the data used by the district to prepare the list of
17 Option Two classes reported to the California Department of Education, to verify that the
18 report is supported by contemporaneous records.

19 (3) For sampled classes, review teacher assignments and other available data to
20 ensure that the class size reported was the maximum actual class size for at least one-half
21 of the instructional minutes offered per day in each grade for which Option Two Class
22 Size Reduction funding was claimed.

23 (4) Review class schedules to ensure that the time that pupils spent in Option Two
24 classes was primarily devoted to instruction in reading or mathematics.

1 (d) Class Size Reduction in ~~Districts~~ districts or charter schools with ~~Only One~~
2 ~~School Serving~~ only one school serving K-3:

3 For school districts or charter schools that maintain only one school that serves
4 kindergarten and grades 1 through 3, verify that:

5 (1) The district or charter school claimed Class Size Reduction funding for not more
6 than two classes per participating grade level,

7 (2) The ~~pupil to teacher~~ pupil-to-teacher ratio did not exceed 22.4 to 1 in any class,

8 (3) The average class size of all classes participating in Class Size Reduction,
9 combined, did not exceed 20.4, and

10 (4) The ~~district's~~ governing board made a public declaration that it exhausted all
11 possible alternatives to averaging and was unable to achieve a ~~pupil to teacher~~ pupil-to-
12 teacher ratio of 20 to 1 in a way that is educationally acceptable.

13 (e) General requirements:

14 (1) For all sampled classes, and for classes claimed for Class Size Reduction funding
15 in districts or charter schools with only one school serving kindergarten and grades 1
16 through 3, review the school level information used to complete the California
17 Department of Education's reporting form. Verify that:

18 (A) classes claimed for funding were for pupils in kindergarten, or grades 1 to 3,
19 inclusive;

20 (B) if only one grade level was reduced, it was grade 1;

21 (C) if two grade levels were reduced, they were grades 1 and 2; and

22 (D) priority was given to the reduction of classes in grades 1 and 2 before classes in
23 kindergarten or grade 3 were reduced.

24 (2) For the sampled classes, verify that the district or charter school did not report to

1 the California Department of Education on the Class Size Reduction reporting form:

2 (A) any classes ~~comprised~~ consisting of special education pupils enrolled in special
3 day classes on a full-time basis,

4 (B) any pupil who was enrolled in independent study or home study for the full
5 regular school day or any portion of the full regular day,

6 (C) any pupil who was enrolled in independent study a charter school in a program of
7 or home study for the full regular school day or any portion of the full regular school day,
8 for that portion of each day that the pupil was on independent study or home study, or

9 (D) any pupil enrolled in a Class Size Reduction combination classes class who were
10 was at a grade level ineligible for Class Size Reduction funding.

11 (3) For the sampled classes, verify that counts began on the first teaching day each
12 class existed.

13 (4) Verify that the district had a staff development program as required by Education
14 Code Section 52127 that required any certificated teacher who provided direct
15 instructional services for a class participating in the school district's class size reduction
16 program to receive training to maximize the educational advantages of Class Size
17 Reduction, including but not limited to methods for providing individualized instruction;
18 effective teaching, including classroom management, in smaller classes; identifying and
19 responding to student needs; and opportunities to build on the individual strengths of
20 students. If the district did not have such a staff development program, include a finding
21 in the Findings and Recommendations section of the audit report.

22 (5) Verify on a sample basis that teachers included in the district's Class Size
23 Reduction report to the California Department of Education received staff development
24 training in accordance with the provisions of Education Code Section 52127. Review the

records used to verify teacher attendance at the required training sessions. If any sampled teacher did not receive the required training, include a finding showing the full amount of Class Size Reduction funding received as disallowed in the Findings and Recommendations section of the audit report.

~~(6)~~ (4) If a district has elected to reduce class size through the use of an early-late instructional program and claimed Class Size Reduction funding for Option One classes, verify that it did not follow the provisions of Education Code Section 46205 when calculating instructional time used to qualify for Longer Instructional Day and Year incentive funding unless the district operated an early-late instructional program pursuant to Education Code Section 46205 prior to July 1, 1996.

~~(7)~~ (5) If a district has elected to reduce class size through the use of an early-late instructional program and claimed Class Size Reduction funding for Option Two classes, verify that it did not follow the provisions of Education Code Section 46205 when calculating instructional time used to qualify for Longer Instructional Day and Year incentive funding.

(f) If any of the classes reported for Class Size Reduction funds is found to be ineligible for such funding pursuant to any of the foregoing audit procedures, or if any individual pupils in classes found to be eligible are found to have been ineligible because of their grade ~~level~~ level(s) but to have been reported as eligible, or both, prepare a schedule, which must be presented as part of the Findings and Recommendations, summarizing the results of all procedures and presenting the noncompliant classes by grade level, number of classes, number of pupils incorrectly reported as eligible, and Class Size Reduction funding claimed on the basis of those pupils, including the data for each ineligible class only once, even if found to have been ineligible for Class Size

1 Reduction funds in more than one of the steps in the audit procedures.

2 (g) Interview management regarding the district's staff development program.

3 (1) Verify that the staff development program required, as set forth in Education Code
4 Section 52127, that any certificated teacher providing direct instruction to a class in the
5 Class Size Reduction Program receive the appropriate training necessary to maximize the
6 educational advantages of Class Size Reduction, including but not limited to methods for
7 providing individualized instruction; effective teaching, including classroom
8 management, in smaller classes; identifying and responding to student needs; and
9 opportunities to build on the individual strengths of students.

10 (2) If the district did not have a staff development program as set forth in Education
11 Code Section 52127, include a finding in the Findings and Recommendations section of
12 the audit report showing the full amount of Class Size Reduction funding received as
13 disallowed.

14 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections
15 14502.1, 14503 and 41020, Education Code.

16 **§ 19827. Program to Reduce Class Size in Two Courses in Grade 9 (Morgan-Hart**
17 **Class Size Reduction Program).**

18 (a) Determine whether the school district received incentive funding for grade 9 under
19 the Morgan-Hart Class Size Reduction Program.

20 (b) Review the district's Morgan-Hart Class Size Reduction Program form and trace
21 the data, after determining that it is mathematically correct, to supporting summaries.

22 (c) Select a representative sample of schools to test, and perform the following
23 procedures:

24 (1) Verify the mathematical accuracy of the calculation of average class sizes.

1 (2) Trace site summaries to contemporaneous documentation.

2 (3) Verify that the average class size in the sample schools is no more than 20 pupils
3 enrolled per certificated teacher.

4 (4) Select a representative sample of classes to verify that each class has had no more
5 than an average of 22 pupils enrolled during the school year.

6 (5) Review the class titles of the Morgan-Hart Class Size Reduction Program classes
7 to ensure that at least one of the classes was English; and that the other was English,
8 mathematics, science, or social studies; and that each course was of a year's duration.

9 (d) If any of the classes reported for Morgan-Hart Class Size Reduction Program
10 funds are determined to have been ineligible, determine if the school district had an
11 approved waiver for the exception or exceptions noted. If there are no such waivers,
12 prepare a schedule summarizing the results of all audit procedures and presenting the
13 noncompliant classes by grade level, course title, number of classes, number of pupils
14 incorrectly reported to the California Department of Education as eligible, and the
15 amount of Morgan-Hart Class Size Reduction Program funding claimed on the basis of
16 such pupils, including the data for each ineligible class only once, even if found to have
17 been ineligible in more than one of the steps in the audit procedures. Include the
18 schedule in the Findings and Recommendations section of the audit report.

19 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections
20 14502.1, 14503 and 41020, Education Code.

21 **§ 19828. Instructional Materials.**

22 (a) Determine whether the year audited is one for which the governing boards of
23 school districts or county boards of education that receive funds for instructional
24 materials from any state source are subject to the provisions of Education Code Section

1 60119, as set forth in subdivision (c) of that section.

2 (b) If the year audited is one in which the school district or county office of education
3 was required to conduct a hearing as provided in Education Code Section 60119, perform
4 the following audit procedures.

5 (1) Determine whether the school district governing board or county board of
6 education held the public hearing or hearings required by Education Code Section 60119
7 prior to making a determination through a resolution whether each pupil in each school
8 had, or would have by the end of that fiscal year, sufficient textbooks or other
9 instructional materials in each subject.

10 (2) Determine whether the school district governing board or county board of
11 education provided 10-day notice of the required public hearing or hearings.

12 (3) Determine whether each notice included the time, place, and purpose of the
13 hearing and ~~that~~ whether the school district or county office of education posted the
14 notice at a minimum of three public locations in the school district or county,
15 respectively.

16 (4) Determine whether the resolution stated that there were, or would be by the end of
17 that fiscal year, sufficient textbooks or instructional materials, or that the resolution stated
18 there were insufficient textbooks or instructional materials, or both. If the latter, verify
19 that the school district governing board or county board of education took action to
20 ensure that each pupil would have sufficient textbooks or instructional materials, or both,
21 within a two-year period from the date of the determination.

22 (c) If the school district or county office of education was not in compliance with any
23 of the requirements set forth in the foregoing procedures, the school district or county
24 office of education was not eligible to receive an Instructional Materials Funding

Realignment Program⁴ (Instructional Materials Block Grant) allowance for the fiscal year audited. Include a finding in the Findings and Recommendations section of the audit report that shows showing the full amount of Instructional Materials Funding Realignment Program allowance received as disallowed in the Findings and Recommendations section of the audit report.

(d) Instructional Materials Funding Realignment Program⁴ (Instructional Materials Block Grant):

(1) Determine the amount of the Instructional Materials Funding Realignment Program⁴ (Instructional Materials Block Grant) allowance received by the ~~district or~~ county board of education local education agency.

(2) Verify that the allowance received was accounted for separately.

(3) For kindergarten and grades 1 through 8, review the ~~district's or county board of~~ education's local education agency's list of instructional materials purchased and select a sample to verify that the materials were adopted by the State Board of Education in March 1999 or later, are in one of the four eligible subject areas, and bear the copyright date and are of editions of the materials adopted by the State Board of Education.

(4) For grades 9 through 12, review the ~~district's~~ local education agency's list of instructional materials purchased and select a sample to verify that the materials were reviewed and approved through a resolution adopted by the ~~district's~~ local education agency's governing board as being aligned with State Board of Education-adopted content standards.

(5) Determine whether the ~~district's~~ governing board certified, as set forth in Education Code Section 60422, that each pupil had been provided with a standards-aligned textbook or basic instructional materials.

1 (6) If the governing board did certify as set forth in Education Code Section 60422,
2 review the Instructional Materials Funding Realignment Program expenditures initiated
3 after the certification was made and select a sample to verify that the textbooks or
4 materials were from the following categories:

5 (A) Purchase of instructional materials adopted by the State Board of Education
6 pursuant to Education Code Section 60200 for kindergarten and grades 1 through 8, or by
7 the governing board pursuant to Education Code Section 60400 for grades 9 through 12.

8 (B) Purchase, at the ~~district's~~ local education agency's discretion, of instructional
9 materials, including, but not limited to, supplementary instructional materials and
10 technology-based materials from any source.

11 (C) Purchase of tests.

12 (D) Binding of textbooks that were otherwise usable and were on the most recent list
13 of basic instructional materials adopted by the State Board of Education and made
14 available pursuant to Education Code Section 60200.

15 (E) Funding of in-service training related to instructional materials.

16 (F) Purchase of classroom library materials for kindergarten and grades 1 through 4,
17 if the ~~district~~ local education agency had a plan as specified in Education Code Section
18 60242(d).

19 (e) If any of the instructional materials funds are found to have been expended
20 inappropriately, ~~prepare a schedule of those expenditures and calculate~~ include the
21 amount inappropriately spent. ~~Include the schedule~~ in a finding in the Findings and
22 Recommendations section of the audit report.

23 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections
24 14502.1, 14503 and 41020, Education Code.

1 **§ 19830. Early Retirement Incentive.**

2 (a) Obtain a copy of the certification required by Education Code sections 22714,
3 22714.5, and 44929 and verify that the school district received approval from the county
4 office of education or that the county office of education received approval from the
5 Superintendent of Public Instruction as appropriate.

6 (b) Verify that the reason(s) contained in the certification are consistent with the
7 results of the early retirement incentive program.

8 (c) Verify the data disclosed as a result of the district's or county office's adoption of
9 the early retirement incentive program.

10 (d) Include a disclosure in the Notes to the Basic Financial Statements that presents
11 the number and type of positions vacated; the age, service credit, salary, and, separately,
12 the benefits of the retirees receiving additional service credit; a comparison of the salary
13 and benefits of each retiree with the salary and benefits of the replacement employee, if
14 any; the resulting retirement cost, including interest, if any, and postretirement health
15 benefit costs, incurred by the employer.

16 NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections
17 14502.1, 14503 and 41020, Education Code.

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